

TOP SECRET

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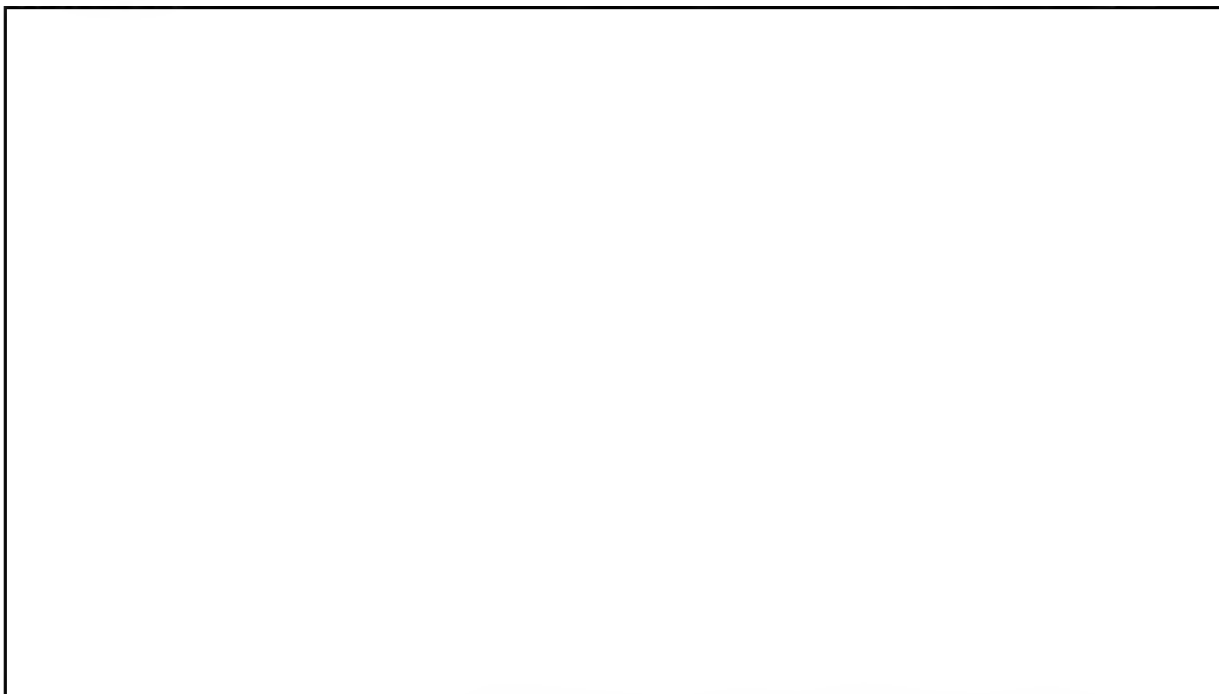
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SOUTHEAST ASIA

1. Truce commission sees Cambodian MAAG agreement as Geneva violation:



Comment: The Cambodian government has publicly maintained that the MAAG agreement does not constitute an alliance, does not permit foreign bases to be established on Cambodian territory, and thus does not violate the Geneva terms.

The Indian truce commissioner has tended not to question the wording of the agreement but to look at the "intent" behind the terms. It is possible that his decision may be overruled by New Delhi.



NEAR EAST - AFRICA

3. USSR reported seeking to establish representation in Sudan:



The Soviet Union has requested authorization from the Sudan government to establish a liaison office in Khartoum, according to a Paris press release of 11 June. The request was reportedly made following a visit to the Sudan of a Soviet diplomatic mission.

Comment: The establishment of a liaison office in Khartoum would afford the Soviet Union an exceptional opportunity to expand Communist activity in the Sudan during the critical transitional period to self-determination. There is no legislation against Communist activity and the movement is relatively well organized. Communists are particularly influential in trade unions and among students.

Under the terms of the Anglo-Egyptian agreement of 1953, the British governor general is responsible for Sudanese external affairs during the transitional period. Eight countries, including the United States, have established liaison offices in Khartoum within the past two and a half years. It is unlikely that the governor general would refuse the Soviet request.



4. French settlers' terrorism in Morocco may force Paris' hand:



One consequence of the assassination of the owner of the Casablanca daily Maroc-Presse--an outspoken exponent of a liberal French policy in Morocco--may be that the French government will feel pressed to move ahead with Moroccan reforms without waiting for ratification of the Tunisian agreements, in the opinion of the American embassy in Paris.

The embassy cites the Paris press' unanimous condemnation of French "counterterrorism," and quotes a government spokesman's statement that the mission of France's highest police official, who has just been sent to Morocco, is to find the criminals.

Comment: Paris is reluctant to offer a piecemeal reform program, and wants to be free from immediate parliamentary interpellation when an over-all policy change is implemented. The government may hope that the publicity given the trip to Morocco by the chief of police will make possible a delay until the National Assembly has approved the Tunisian conventions and recessed for the summer.

In any event Premier Faure's energies in the immediate future will be directed toward the big-power talks, and he will try to avoid precipitate action in Morocco.

EASTERN EUROPE

5. Yugoslavs reject Soviet aid offer:



During the recent Belgrade talks, Yugoslavia rejected a Soviet offer of aid in the form of two-percent loans to run 10 to 12 years, according to Yugoslav vice president Vukomanovic Tempo. The Yugoslavs said indemnification for their 1949 losses would have to be settled before they would talk about accepting loans from the USSR.

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First Deputy Premier Mikoyan maintained that these loans would serve as indemnification, a position the Yugoslavs rejected. Agreement was then reached to negotiate further at a later date.

Comment: Tempo's report indicates that no concrete economic agreements were reached during the Belgrade talks, and that the question of indemnification will continue to remain an obstacle to the full normalization of Yugoslav-Soviet relations. Belgrade reportedly claims between \$250,000,000 and \$500,000,000 as indemnification from the Soviet bloc for contract losses and economic hardships brought on by the 1948 break. Moscow and the Satellites have some offsetting claims against Yugoslavia.

Tempo's disclosure comes at a time when future assistance to Yugoslavia is under active consideration in the West.

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6. Vietnamese army attack may force Hoa Hao rebels into Cambodia:

There are strong indications of an imminent Vietnamese army offensive against the Hoa Hao rebel Ba Cut, according to the American army attaché in Saigon. The attaché notes the possibility that in case of an attack, part or all of Ba Cut's force may move across the border into Cambodia.

Comment: Ba Cut's force of an estimated 3,300 men is believed located 15 to 25 miles east of the Cambodian border at a point west of Long Xuyen, which is some 90 miles southwest of Saigon. The morale and discipline of these troops is reported to be fairly good. However, they are outnumbered by the Vietnamese army which has some 28,000 men in the area, and Ba Cut may well try to move his men into Cambodia.

The Hoa Hao rebels would present a serious problem for the Cambodian security forces in the south, but operating in a hostile countryside, they could not long maintain themselves.

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